

MACS is a program of College Savings Mississippi, and is administered by the Office of the State Treasurer, Lynn Fitch.

THE MISSISSIPPI AFFORDABLE COLLEGE SAVINGS PROGRAM

THE MISSISSIPPI AFFORDABLE COLLEGE SAVINGS PROGRAM (MACS) MAKES IT EASY to save for college tuition and other educational expenses, and offers special tax advantages.

IT'S EASY TO GET STARTED. YOU CAN OPEN A MACS ACCOUNT FOR YOUR CHILD, YOUR GRANDCHILD, a friend or relative, or for yourself for as little as \$25. There is no limited enrollment period, so you can open or contribute to a MACS account any time during the year. And unlike some college savings programs that only apply to the cost of tuition, you can use MACS funds to pay for tuition and for books, fees, certain room and board costs, and other qualified college expenses.

THIS ENROLLMENT KIT WILL TELL YOU MORE ABOUT THE ADVANTAGES of a MACS account, and includes everything you will need to open an account today.

WHEN IT COMES TO SAVING FOR COLLEGE, MACS IS THE WAY TO GO.

WHY

LET'S FACE IT. COLLEGE IS EXPENSIVE. BUT THE BENEFITS OF A COLLEGE EDUCATION CAN FAR OUTWEIGH THE COSTS.



College-educated individuals have better job opportunities can still get on the right track. By starting early and contriband typically earn more money than those without college degrees. Higher education through a trade or technical program, could see your savings add up. As your financial situation a two-year college, or a four-year university can translate into thousands of dollars a year in extra income. Over a 40-year working career, a college education can mean a difference of hundreds of thousands of dollars.

SAVING NOW TO GO LATER

Families who begin planning and saving for college when their children are young have a much better chance of reaching their college savings goals than families who wait until their children are in high school.

The earlier you begin saving, the sooner you can take advantage of the compounding effect of time on your investment. While your individual financial situation might not allow you to contribute as much as you'd like to today, you

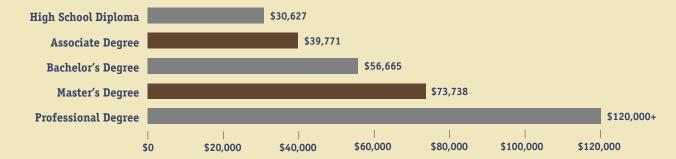
uting regularly – even just a small amount each month – you changes, you can always reassess your plan based on your college saving goals.



"According to a recent study, children with a college savings account are seven times more likely to attend college than those without one. Every dollar you save is an investment in a child's future."— Lynn Fitch, Treasurer

A GREAT REASON TO GO

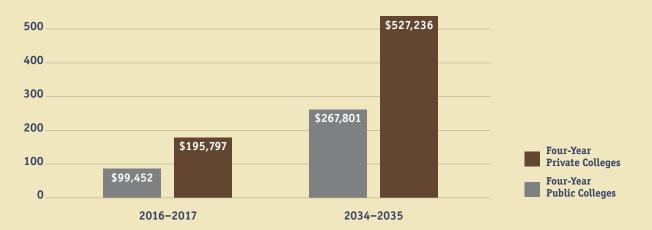
College graduates typically earn more than those without a college degree.



Based on 2009 data from the U.S. Census Bureau's most recent median earnings for full-time workers at least 18 years old. U.S. Census Bureau, Statistical Abstract of the United States: 2012, Table 232

THE RISING COST OF COLLEGE

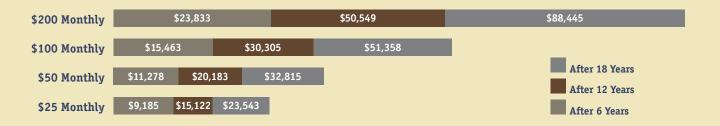
By the year 2034, the average cost of attending an in-state, four-year, public college may be \$267,801.



This chart indicates projected (2016-17 and 2034-35) average annual college costs, including four years of tuition and fees, books and supplies, and room and board for a public, in-state college and for a private college. Costs assume an increase of six percent annually over 18 years. This is a hypothetical example for illustrative purposes only. Source: CollegeBoard.org College Cost Calculator, January, 2016.

EVEN A LITTLE CAN GO A LONG WAY

By investing even a small amount on a regular basis, you have the potential to accumulate significant college savings.



This hypothetical example shows how a \$5,000 initial investment with varying monthly investment amounts would perform over six years, 12 years, and 18 years. The investment return assumed is six percent per year. Actual investment returns will vary with market conditions, so your account may be worth more or less than your original investment. This example is presented for illustrative purposes only and does not reflect actual performance or predict future results of the program, and does not reflect any expenses or Mississippi or federal tax benefits.







A MACS ACCOUNT OFFERS CERTAIN TAX BENEFITS, AS WELL AS OTHER FINANCIAL ADVANTAGES THAT CAN HELP YOU SEND MORE OF YOUR MONEY TO COLLEGE AND LESS OF YOUR MONEY TO THE IRS.

MISSISSIPPI INCOME TAX DEDUCTION

The amount you contribute to MACS may be deducted annually from your Mississippi taxable income, up to a maximum of \$10,000 per individual and up to \$20,000 for married couples filing jointly.

If a non-qualified withdrawal is taken from the MACS Account, the portion of the withdrawal attributable to contributions that were previously deducted for Mississippi income tax purposes, as well as the earnings portion of the withdrawal, will be included in computing the account owner's Mississippi taxable income for the year in which the non-qualified withdrawal is paid. Amounts deducted may be subject to recapture if a non-qualified withdrawal is taken from the MACS account.

The state income tax deduction is available every year, but contributions must be made by April 15 of the following year to qualify.

TAX-DEFERRED EARNINGS

Contributions to MACS have the opportunity to grow free from federal and Mississippi income tax until withdrawn. That means your MACS account may have more dollars available for education than if you had invested in a comparable, taxable investment. Through the power of compounding, the money you invest in a tax-deferred account can provide greater potential for growth.

TAX-FREE QUALIFIED WITHDRAWALS

The earnings portion of withdrawals used for qualified higher education expenses will be free of both federal and Mississippi income tax, which may leave you more money to pay for education expenses.

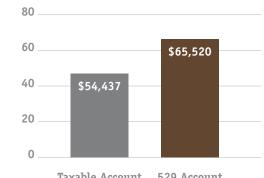
ESTATE TAX BENEFITS

You may also find the MACS plan attractive if you're engaged in gift or estate tax planning. MACS not only allows you to accelerate tax-free giving from your estate, but also allows you to maintain control of the money. For more information, please consult your tax advisor.

LOW EXPENSES

MACS puts more of your investment toward education expenses rather than toward account administration. An annual, assetbased management fee is assessed to cover the cost of investment management and administrative services, plus the specific underlying fees and expenses of the mutual funds held in the investment options. For details, please refer to the fee table in the enclosed disclosure booklet.

TAX FREE GROWTH POTENTIAL



Taxable Account 529 Account

Above Right: This hypothetical example illustrates the growth of an annual investment of \$2,000 made at the beginning of each year for 18 years. This example assumes there are no withdrawals of contributions and earnings; a 30% combined federal, state, and local income tax rate; and an annual investment return of six percent. The example is presented for illustrative purposes only to show the effect of compounding and tax deferral, and does not represent the actual performance or predict the future results of the MACS account or any investment portfolio in the MACS Account, and does not reflect any reduction for expenses. Account value in the investment options is not guaranteed and will fluctuate based upon a number of factors, including general market conditions.



GO GO

MACS ALLOWS YOU A CHOICE OF SCHOOLS

A MACS account does not dictate where your child can go to college. Your child or beneficiary can attend a private or public college or university, trade school, or graduate school within Mississippi or in another state. MACS account funds may be used at thousands of eligible educational institutions. Investing in a MACS account does not guarantee entrance to any college.

MACS HELPS YOU PAY FOR MORE THAN JUST TUITION

In addition to tuition and fees, MACS funds can be used to cover other qualified higher education expenses, including books, equipment and supplies, and certain room and board expenses.

MACS OFFERS A RANGE OF INVESTMENTS

With MACS, you will have a choice of a managed allocation option, diversified equity option, aggressive allocation option, fixed income option, moderate allocation option, conservative allocation option, and a guaranteed option.

These choices vary in investment strategy and degree of risk, allowing you to select the option or combination of options that best fits your needs and investment philosophy. For a description of each investment option, please refer to the "Seven Ways to Go" section of this kit and the enclosed disclosure booklet.

MACS LETS YOU TRANSFER YOUR FUNDS

If your child or beneficiary decides not to attend college, you can transfer the funds in your MACS account to eligible family members of the previous beneficiary, including siblings, spouses, cousins, or even yourself.

MACS DOESN'T LIMIT YOUR CONTRIBUTIONS

There is no annual limit on the amount that you can contribute to a MACS account. There is an overall maximum account balance limit of \$235,000, which applies to all accounts opened for a single beneficiary.

MACS PUTS YOU IN CONTROL

With MACS, you always maintain control of the funds in the account. Just be aware that if you decide to use the money for something other than a qualified higher education expense, your earnings may be subject to state and federal income tax and a federally imposed 10 percent additional tax. Please see the enclosed disclosure booklet for details.

MACS OFFERS PAYROLL DEDUCTION

MACS offers payroll deduction through participating Mississippi employers. If your employer offers MACS as a benefit, you can opt to have your monthly contributions deducted from your paychecks. You can contribute as little as \$15 per investment option per pay period using payroll deduction.

JUST \$25 GETS YOU GOING

You can open a MACS account with as little as \$25 per investment option by check, electronic funds transfer, automatic contribution plan, or rollover from another qualified tuition program. Make saving for college even easier with the MACS automatic contribution plan. When you sign up for this option, a pre-set amount will be electronically withdrawn from your bank account each month.

MACS ALLOWS ANYONE TO OPEN AN ACCOUNT

Parents, grandparents, relatives, and friends at any income level can open a MACS account for any beneficiary – even themselves.



THE SMART WAY TO GO FOR GRANDPARENTS

Individuals who open a MACS account for a grandchild or other beneficiary may reduce the taxable value of their estate. These contributions, together with all other gifts from the same grandparent to the same beneficiary, may qualify for an annual federal gift tax exclusion of \$14,000 per donor (\$28,000 for married contributors) per beneficiary. Consult your tax advisor for details.

^{*} You are permitted to transfer funds from another 529 college savings plan to an account in MACS for the same beneficiary twice within a 12-month period without incurring federal income tax. The 529 college savings plan from which you are transferring funds may be subject to differences in features, costs, and surrender charges. Consult with your tax advisor or the other 529 college savings plan. State and local taxes may apply.



SEVEN WAYS TO

GO

MACS OFFERS SEVEN PROFESSIONALLY MANAGED INVESTMENT OPTIONS VARYING IN INVESTMENT STRATEGY AND DEGREE OF RISK. YOU MAY INVEST IN ONE OPTION OR A COMBINATION OF OPTIONS.



When choosing your options, you should take into consideration your college savings goals, your other sources for financing college, the time you have available to save, and the balance of risk and return associated with the program's investment options.

Please refer to the enclosed MACS disclosure booklet for complete details about each option.

AGE-BASED INVESTMENT OPTION

Managed Allocation Option

The Managed Allocation Option is the core investment for the MACS program. This option contains nine age bands, each with a unique asset allocation that may include equity, real estate,

fixed income, and money market mutual funds. As the beneficiary ages, assets are automatically rolled into new age bands, shifting the investment strategy from capital appreciation in the early years of college saving to capital preservation later on and during the college years. This investment option seeks a reasonable rate of expected return while balancing the various risks of the capital markets.

Investor Profile

Because the Managed Allocation Option provides a balanced and diversified investment, many account owners choose it as a single option with the potential for long-term growth. This option is best for an account owner who can invest in the program long-term, but can also tolerate some level of risk.

RISK-BASED INVESTMENT OPTIONS

MACS offers six choices for those who prefer to select an Investment Option (or several Investment Options) with a fixed risk level rather than a risk level that changes as the beneficiary ages. Each of these Investment Options invests in mutual funds or in a funding agreement, and each Investment Option has a different investment objective and investment strategy and is subject to different investment risks.

Diversified Equity Option

The Diversified Equity Option offers a mix of domestic and international stock mutual funds. This option may have higher volatility and the opportunity for greater investment return. Given the higher volatility of this option, the risk of loss is greater, particularly for those with a short time to save for college.

Aggressive Allocation Option

The Aggressive Allocation Option seeks a favorable long-term return. This option invests in the same mutual funds and at the same percentages as the Managed Allocation Option age band for beneficiaries aged 0-4 years of age. This option invests in mutual funds that invest primarily in equity securities and, to a lesser extent, in mutual funds that invest primarily in debt securities.

Aggressive Investor Profile

Although stocks can produce above-average long-term returns, they do not perform well in every type of market. Therefore, aggressive investment options may be a suitable choice for account owners who can tolerate greater risk and volatility in exchange for higher potential returns over time. They may also be appropriate for investors with additional college savings in less volatile investments (e.g., fixed income), longer time periods until expected withdrawals, or for those who wish to create a balanced account, for example, by combining the Diversified Equity Option with the more conservative Guaranteed Option.

Fixed Income Option

Contributions to the Fixed Income Option are allocated to a diversified mix of fixed-income mutual funds. The underlying mutual funds within this option are primarily indexed.

Moderate Allocation Option

The Moderate Allocation Option seeks moderate growth. This option invests in the same mutual funds and at the same percentages as the Managed Allocation Option age band for beneficiaries aged 9-10 years. This option invests in mutual funds that invest primarily in equity securities and in mutual funds that invest primarily in debt securities.

Moderate Investor Profile

The Fixed Income Option and the Moderate Allocation Option are appropriate for investors with a medium-term savings horizon who can tolerate a moderate level of risk.

Conservative Allocation Option

The Conservative Allocation Option seeks a conservative to moderate total return. This option invests in the same mutual funds and at the same percentages as the Managed Allocation Option age band for 15 year-old beneficiaries. This Investment Option invests in mutual funds that invest primarily in debt securities and, to a lesser extent, in mutual funds that invest primarily in equity securities.

The Guaranteed Option

Contributions to the Guaranteed Option are allocated to a funding agreement that guarantees the Mississippi Affordable College Savings Trust Fund both principal and a minimum annual rate of return, with the opportunity for additional returns beyond the minimum rate. This option provides additional safety and security that investors may want for a portion of their college investment.

Conservative Investor Profile

The conservative investment options provide the stability that many people want for at least a portion of their college savings funds. These options are appropriate for investors who can tolerate little risk, including those who have traditionally saved using fixed-income vehicles and are willing to accept returns that may be lower than those offered by the other, more aggressive investment options. Investors with shorter investment time frames may find this option appealing. Investors who want a balanced account may combine a conservative option with a more aggressive option (e.g., the Diversified Equity Option).



WATCH WHERE YOU'RE GOING

It is a good idea to periodically re-examine your MACS account as your goals, time period for saving for college, and personal financial situation change. You should also take another look at your MACS account when there are long-term changes in the economy that will affect how you save or invest, or when the balance of your account changes significantly due to varying performances of different investment options over time. "The investment approaches described here are not recommendations and do not take into consideration personal goals or preferences. After evaluating information you consider important in making an investment, the ultimate decision is up to you.



WHERE TO GO FOR MORE INFO

You'll find more information, tools, and resources to help you plan for college on our website. "ACCESS THE COLLEGE SAVINGS CALCULATOR: Project college costs for your child or beneficiary and calculate how much you will need to save to meet those expenses." MANAGE YOUR MACS ACCOUNT: Account owners can access account information, make contributions, request withdrawals, set up automatic contribution plans, join the MACS email list, and more, all online. "MANAGE YOUR MACS ACCOUNT ON THE GO: MACS offers mobile account access to make it easier to manage your account. With mobile access, you can view your account summary and recent transactions, make contributions, change investment options, and make withdrawals from your smartphone.

FREQUENTLY ASKED QUESTIONS

CAN MORE THAN ONE PERSON CONTRIBUTE TO THE SAME MACS ACCOUNT?

Anyone can contribute to an account as long as the total contributions do not exceed \$235,000 per beneficiary. There can only be one owner per account, who has sole control over the assets and decides when to withdraw them.

CAN I CHANGE THE BENEFICIARY?

You can change your beneficiary at any time or transfer a portion of your investment to a different beneficiary. The new beneficiary must be an eliqible member of the previous beneficiary's family.

HOW DO I WITHDRAW MONEY TO PAY FOR COLLEGE?

Go to your account online to request a withdrawal. Funds can be sent to your bank account, typically within three business days. Funds can also be sent directly to eligible educational institutions. You may also request a withdrawal by completing a withdrawal form and allowing seven to 10 days for mail and processing time.

Individuals who open a MACS account for a grandchild or other beneficiary may reduce the taxable value of their estate.

WHAT IF MY CHILD OR LOVED ONE DECIDES NOT TO ATTEND COLLEGE?

You have three choices:

- » Keep the funds in the account. The investments will be available in future years if the beneficiary changes his or her mind and decides to attend college.
- » Change beneficiaries. The new beneficiary must be an eligible family member. See the enclosed disclosure booklet for details and consult your tax advisor about whether this may create a taxable qift.
- » Make a non-qualified withdrawal. Any earnings will be subject to federal income tax and any applicable state income tax, as well as an additional 10 percent federal tax. There are exceptions in the event of a beneficiary's death or disability, scholarship receipt, or attendance at a military academy.

WILL HAVING A MACS ACCOUNT HURT MY CHILD OR BENEFICIARY'S CHANCES OF RECEIVING FINANCIAL AID?

If the child's parent is the account owner, the account assets will be treated as belonging to the parent for federal financial aid purposes.

If a dependent child or beneficiary is the account owner of an account holding UGMA/UTMA assets, MACS account assets are treated as a parent's asset for financial aid purposes.

Financial aid policies vary across post-secondary institutions, so check with the institution directly for more information on how 529 plan assets can affect financial aid eligibility.

WHAT IF MY CHILD OR BENEFICIARY RECEIVES A FULL OR PARTIAL SCHOLARSHIP?

If a child or beneficiary receives a scholarship that covers the cost of all qualified expenses, you can withdraw up to the scholarship amount free of the 10 percent additional federal tax. You will owe federal and Mississippi income taxes on the earnings portion of the withdrawal. You also have the option of transferring the extra money to an account for another eligible beneficiary or for yourself if you decide to continue your own education.

IF I LEAVE MISSISSIPPI, WHAT WILL HAPPEN TO MY ACCOUNT?

You do not have to be a resident of Mississippi to participate in MACS. If you move to another state, you can still keep your money invested in your MACS account, and you can continue to contribute to it. Before making additional investments to your MACS account, consider whether the state in which you or your designated beneficiary now reside has a 529 plan that offers favorable state income tax or other benefits that are available only if you invest in that state's 529 plan.

CAN I TRANSFER FUNDS FROM ANOTHER 529 PLAN INTO THE MACS ACCOUNT?

You can transfer funds for the same beneficiary twice per 12-month period without incurring federal or state income tax. The 529 college savings plan from which you transfer funds may differ in features, costs, and surrender charges. Transfer of funds from another state's 529 plan is not eligible for the Mississippi income tax deduction. Consult your tax advisor or both college savings plan providers before requesting a rollover.

READY TO **G0?**

MACS OFFERS TWO EASY WAYS TO SIGN UP TODAY.



TO SIGN UP ONLINE

Online sign up is guick, convenient, and saves you time and paperwork. Visit www.TreasurerLynnFitch.com.

TO SIGN UP BY MAIL

Review all Program materials, including the enrollment brochure, disclosure booklet, and participation agreement.

- » Decide whether you prefer to contribute by check, electronic funds transfer, automatic contribution plan, rollover from another qualified college savings plan, or payroll deduction.
- » Complete and sign the account application.

» Return the application and if paying by check, your initial contribution in the same envelope.

MACS will promptly process your information and send you all of the details about your account.

MORE QUESTIONS ABOUT MACS?

MACS college savings specialists are available to help Monday - Friday, 7:00 a.m. - 7:00 p.m. CT. Call toll-free at 800.486.3670.

When it comes to college savings, MACS is the way to go.

- before investing in MACS. Please visit www.MS529.com for a cannot be used, by any taxpayer for the purpose of avoiding tax penaldisclosure booklet containing this and other information. Read ties. Taxpayers should seek advice based on their own particular circumit carefully.
- **Before investing in a 529 plan, you should consider whether the** neither insured nor guaranteed and there is the risk of investment loss. state you or your designated beneficiary reside in, or have taxable income in, has a 529 plan that offers favorable state income tax or other benefits that are only available if you invest in that als may be subject to federal and state taxes and the additional federal state's 529 plan.
- "Consider the investment objectives, risks, charges, and expenses" The tax information contained herein is not intended to be used, and stances from an independent tax advisor. » Investments in the plan are » MACS is administered by the College Savings Mississippi Board and managed by TIAA-CREF Tuition Financing, Inc. » Non-qualified withdraw-10% tax. » TIAA-CREF Tuition Financing, Inc., MACS Program Manager.



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